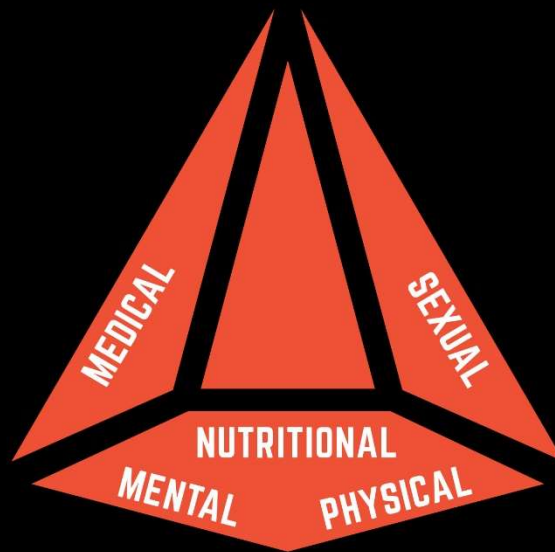


MEN'S HEALTH

AN EXPLORATORY APPROACH



MARKET RESEARCH OCTOBER 2020



MENCARE INC.
A PLATFORM FOR RESEARCH

Presented by:

Nicolas de Alejo, *Founder, MenCare, Inc.*

Aaron Powell, *Research Associate, MenCare, Inc.*

Market Research:

Men's Healthcare & Lifestyle sector

This content is for general information purposes only. All information, comments and opinions stated within this report and any follow-up publications or other related content, are not within the scope of investment advisory activity. For more disclosures, please see the Disclosure Section.

Key Takeaways

Men Face a Multitude of Preventable Health Issues

Men's Health Centers & Advocacy Groups are Part of the Solution

Men-Focused Health Startup Financing Is on the Rise

lululemon Finds Great Value in Men's Health

hims, Vault & Others Show Potential for Breadth & Scale

Men's health is correlated with the health of our society, and there is a new wave of momentum geared towards addressing the measurable and growing impacts to health that disproportionately affect men. The obvious model to promote men's health is to replicate initiatives that women have adopted and utilized in fertility and family home health; the majority of investments in the last five years have been funneled into women's fertility health startups and reproductive technology. However, in spite of some specific investments, other areas of women's health remain underserved. Promoting men's health does not necessitate shifting the focus away from women-centered healthcare; these efforts are complementary. Healthcare systems and companies such as New York University (NYU) Langone's Center for Men's Health, Vault Health, and lululemon have substantially invested in men's health and well-being concerns. Within these healthcare systems and companies, there is a heightened focus and strategic priority to address men's issues which include culturally sensitive options for underserved individuals with disabilities and racial, ethnic, and gay, bisexual, transgender, + (GBT+) communities.

Table of Contents

Research Introduction and Key Research Takeaways	1
1. Men's <i>Healthcare & Lifestyle</i> Sector: Overview	3
Figure 1.1: Health Spending by Type of Service or Product	4
Figure 1.2: Chronic Conditions by Gender	5
Figure 1.3: Leading Causes of Death for Males in the U.S. by Age Group	8
Figure 1.4: How Men Spend Their Hours per Day	9
Figure 1.5: Men's Leading Healthcare Centers in the U.S.	111
Figure 1.6: Men's Health Advocacy Groups in the U.S.	12
Figure 1.7: Key Areas in <i>Healthcare & Lifestyle</i>	13
Figure 1.8: Recent Financings for Gender-Based <i>Healthcare & Lifestyle</i> Startups	14
Figure 1.9: Financing for Men's <i>Healthcare & Lifestyle</i> Startups over the Past Year	15
Figure 1.10: M&A Transactions for U.S. Gender-Based <i>Healthcare & Lifestyle</i> Startups	16
Conclusion: The Men's Health Market is Attractive	17
2. Case Study: GNC, the Blockbuster of Men's Health	18
Figure 2.1: Stock Price Chart for GNC Holdings (2011-2020)	18
3. Case Study: Will hims Open the Flood Gates?	19
4. Case Study: lululemon Betting on Men for Growth	20
Figure 4.1.a: lululemon's Financials: Men's Revenues and Growth	20
Figure 4.1.b: lululemon's Financials: Men's Revenues as a Percentage of Total Revenue	21
Figure 4.2: Public Comparable Company Analysis	22
Figure 4.3: Comparable Transaction Analysis	24
5. Case Study: Startup Companies Plunge into the Men's At-Home and Personal Care Models	26
Figure 5.1: Vault Health Products	26
Figure 5.2: Related Investments by Vault Health Investors	27
6. Case Study: Culturally Sensitive Offerings Are Necessary	28
Disclosures & Contacts	29
MenCare, Inc. / Men Care Now / MCN Benefits Team Overview	29

1. Men's Healthcare & Lifestyle Sector: Overview

The Men's *Healthcare & Lifestyle* sector consists of companies spanning multiple subsectors which all contribute to improvements in men's quality of life.

The intention of this report is not to compare men's health vs. women's health, but to utilize the recent trends around women's health as a foundation to better understand gender-based healthcare. We acknowledge the incredible bias in favor of white males in medical testing and clinical trials, yet even with this research emphasis, men's health issues continue to be prevalent and men have a greater chance of dying from many of the leading causes of death. Although the life relative expectancy gap between men and women has been narrowing, several factors still work against men's health, both biological and behavioral, that prevent men from obtaining their desired health.

In this report, we focus on men's general biological attributes and behavioral roles, and how these effect the manifestation, epidemiology, and pathophysiology of many widespread diseases, along with approaches to general health and conscious living. Our report will explore *Healthcare & Lifestyle* for heterosexual men and GBT+ communities as well as other culturally sensitive racial/ethnic groups and individuals with disabilities. While the biological attributes that impact heart disease, diabetes, and other medical conditions might be similar for many men, the societal factors vary greatly by income, lifestyle choice, sexual identity, race/ethnicity, culture, location, and other indicators. Social determinants of health can be just as critical as biological factors when trying to understand the breadth of men's health issues and the potential solutions and tools that might be helpful in mitigating or minimizing some of these risk factors. The scope of our research will continue to evolve.

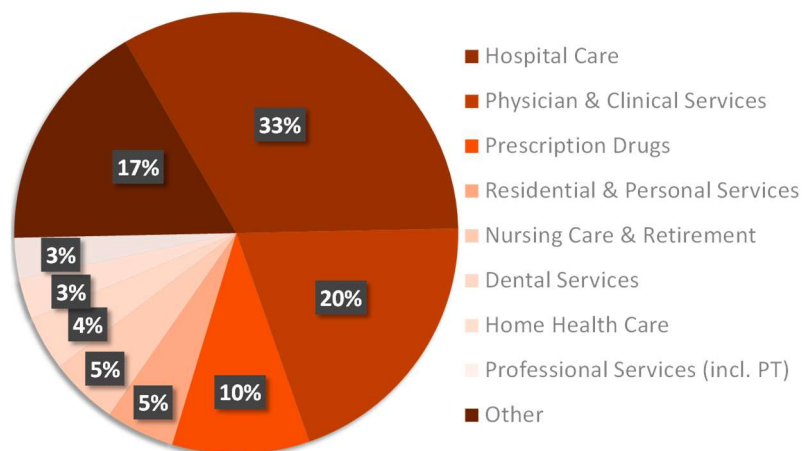
The Men's *Healthcare & Lifestyle* sector for purposes of this report is defined as companies operating in the U.S. that offer products and services within the following industries:

- Health Systems & Centers
- Pharmaceutical/Biotechnology
- Fertility
- Mental Health
- Personal Care
- Wellness & Fitness
- Sexual
- Social
- Athleisure

According to the Centers for Medicare & Medicaid Services (CMS), U.S. healthcare spending increased 3.9% to reach \$3.5 trillion, or \$10,739 per person in 2017 (equates to 18% of GDP in 2017). Healthcare spending growth in 2017 was similar to average growth from 2008 to 2013, which preceded the faster growth experienced during the 2014-2015 period that was marked by insurance coverage expansion and high rates of growth in retail prescription drug spending.¹

- U.S. health outcomes trail those of other Organisation for Economic Co-operation and Development (OECD) nations spending less²
- Total global spending on the wellness industry in 2017 was \$4.2 trillion³
- Global fitness/wellness spending (including meditation & yoga) in 2017 was \$600 billion⁴
- 86% of employers offer wellness incentives, up from \$521 (2013) to \$784 (2018)⁵
- 81% of consumers are dissatisfied with their healthcare experience (long lead times, long waits, crowded medical offices, uncoordinated total care)⁶

Figure 1.1: Health Spending by Type of Service or Product¹



Healthcare organizations and consumers alike have turned to a more expansive approach combining traditional services with holistic and preventive health approaches to solve population and individual health issues.

- 20.4% of U.S. adults have chronic pain (8.0% high-impact chronic pain)⁷
- Behavioral health disorders affect one out of five individuals in the U.S., & 70% of those individuals also have a physical health condition⁸
- Costs are 75% higher for those with both behavioral & physical conditions⁷

¹ 2017 "National Health Expenditures Highlights," CMS

² 2014 "U.S. Health System Ranks Last Among Eleven Countries on Measures of Access, Equity, Quality, Efficiency, and Healthy Lives," Commonwealth Fund

³ 2018 "Global Wellness Economy Monitor," Global Wellness Institute

⁴ 2018 "Global Wellness Economy Monitor," Global Wellness Institute

⁵ 2018 "Employers Expanding Well-Being Programs and Increasing Financial Incentives," National Business Group on Health

⁶ 2016 "The State of Consumer Healthcare," GE Healthcare & Camden Group

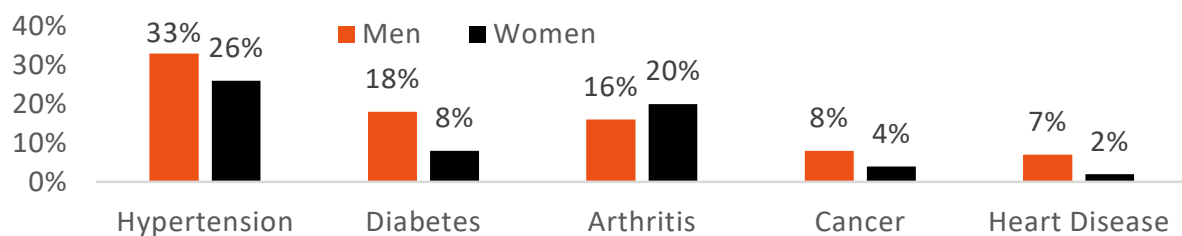
⁷ 2016 "Prevalence of Chronic Pain...Adults," Centers for Disease Control and Prevention (CDC)

⁸ 2019 "Behavioral Health Care is High-Value Care," American Hospital Association

Men currently face a multitude of preventable health issues that can be partly attributed to their lifestyle behaviors and attitude towards medical care.

- Men are living around five years less than women, on average. They are more likely to die from nine of the ten leading causes of death in the U.S.⁹
- Black and Hispanic men have higher rates of fatal chronic conditions and shorter average life expectancies than their white counterparts¹⁰
- 60% of men do not see a doctor regularly¹¹
- Males account for the majority (78%) of fatal injury costs (\$166.7 billion) and nonfatal injury costs (63%; \$287.5 billion)¹²
- Men are almost 4x more likely to die from suicide than women¹³ and LGBTQIA+ youth are 3x more likely to attempt suicide at some point in their life¹⁴
- Gay men have higher prevalence rates of mood disorder (42.3% vs. 19.8%) and of any anxiety disorder (41.2% vs. 18.6%) than heterosexual men¹⁵
- Men are more likely to suffer from the following chronic medical conditions: high blood pressure, diabetes, cancer, and heart disease¹⁶
- Although female anatomy puts women at a greater risk of sexually transmitted infections (STI), GBT+ men are most affected by HIV (70% new cases, 44x > heterosexual men)¹⁷
- 90% of men in the U.S. want to take charge of their own health¹⁸

Figure 1.2: Chronic Conditions by Gender¹⁶



These differences are significant and demonstrate the reluctance of men to participate in and trust the healthcare system, and seek advice or help related to their health and well-being. There is also a general belief among men that one's actions do not necessarily result in poor health conditions. Additionally, there remain large

⁹ 2019 "About INTEGRIS Men's Health University," INTEGRIS Men's Health University

¹⁰ 2003 "The health of men: structured inequalities and opportunities," American Journal of Public Health

¹¹ 2016 "Why Men Avoid Doctor Visits," UCI Health

¹² 2013 "CDC Cost of Injuries and Violence in the United States," CDC

¹³ 2017 "Suicide," National Institute of Mental Health

¹⁴ 2020 "Suicide Facts," Suicide Awareness Voices of Education (SAVE)

¹⁵ 2010 "Dimensions of Sexual Orientation and the Prevalence of Mood & Anxiety Disorders in the U.S.," National Center for Biotechnology Information (NCBI)

¹⁶ 2016 "Harris Poll/American Academy of Family Physicians 2016 Survey," Harris Poll/American Academy of Family Physicians

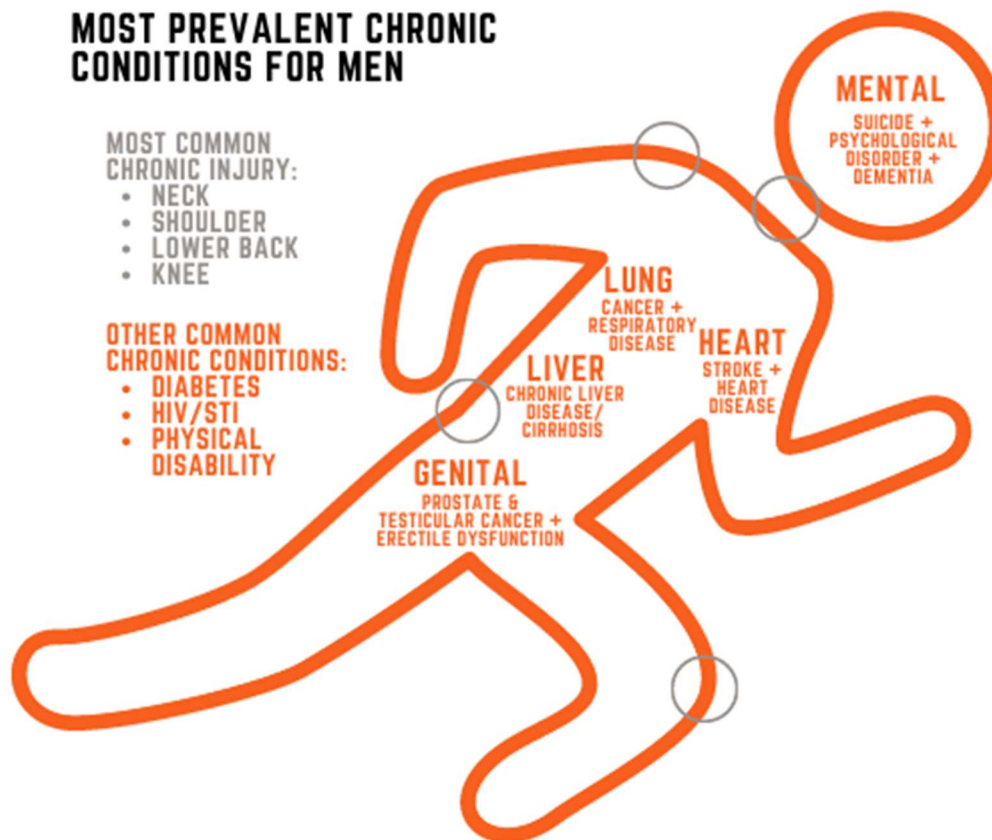
¹⁷ 2017 "HIV and Gay and Bisexual Men," CDC

¹⁸ 2016 "The State of Men's Health," Men's Health Network + Chattem (U.S. Consumer Health Division of Sanofi)

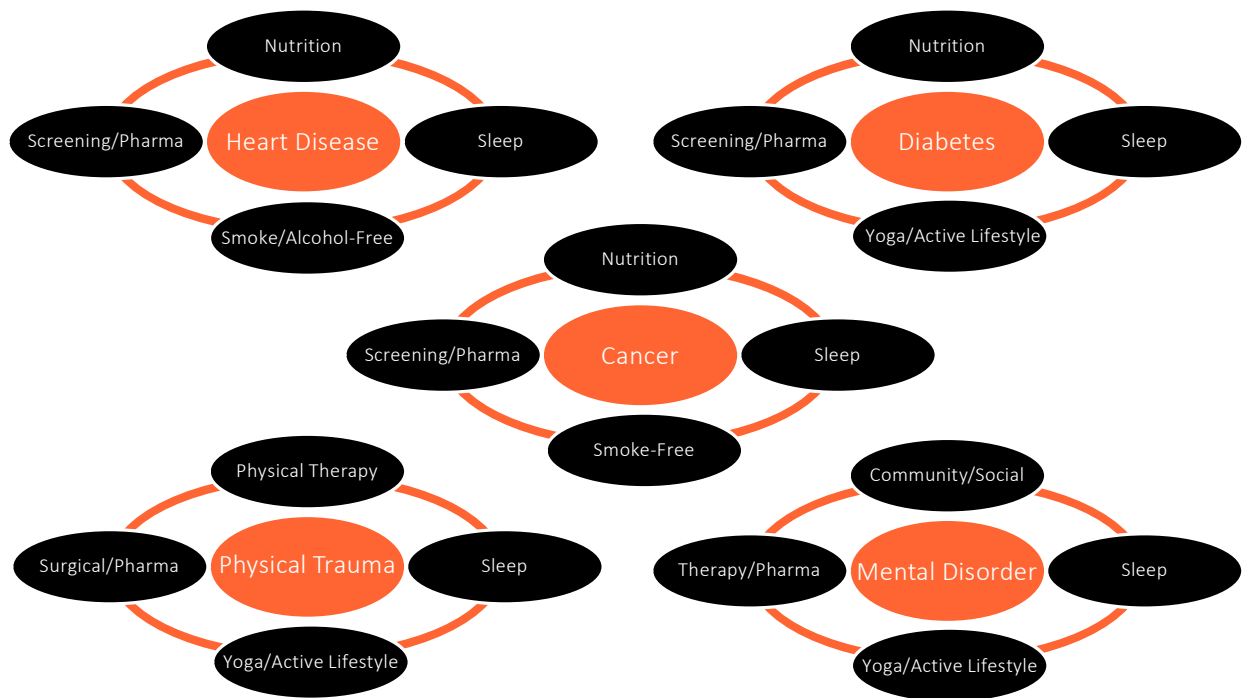
discrepancies regarding social determinants of health for various underserved racial, ethnic, and gender groups, and individuals with disabilities, among others.

For men, the top chronic health conditions affect the brain, heart, lungs, liver, and sexual organs. The five most prevalent causes of death in men are heart disease, diabetes, cancer (lung and prostate), injury/physical trauma, and mental health (suicide, depression, and anxiety). When considering nature vs. nurture, while many of the conditions are due to heredity or other biological reasons, there are however several factors where lifestyle, education, and other preventive factors can play a large part in shifting care options and health outcomes for men. Avoiding medical visits, not finding welcoming care, unhealthy eating, smoking, binge drinking, isolation, unsafe sexual activity, lack of physical activity, and unfamiliarity with many preventive or well-being practices are some of the behavioral factors that impact men's health outcomes.

Whole Body Awareness & Health



Self-Care: Reducing the Impact of Men's Most Prevalent Issues



Self-care, including regular visits with a doctor, can lead to early detection and treatment of disease. Nutrition, exercise, and a strong, supportive social network may prevent the onset of some health issues. The preventive approaches we have noted include the following:

- Early/Preventive Health Check-ups & Healthy Choices
- Medical Treatments (Therapy, Pharma, Surgical)
- Nutritional
- Sleep
- Yoga/Active Lifestyle
- Limiting Alcohol and Tobacco
- Strong Community/Social Network

Among different age groups of men, the prevalent causes of death still tend to be consistent although the leading causes of death for males ages 20-44 years old include physical injuries (38% of male deaths in 2016 compared to 7.4% for all ages) and suicide (13% of male deaths in 2016 compared to 2.5% for all ages).¹⁹

¹⁹ 2017 "CDC Leading Causes of Death - Males - All races and origins - United States," CDC

Figure 1.3: Leading Causes of Death for Males in the U.S. by Age Group²⁰

	All ages	20-44 years	45-64 years	65-84 years
1	Heart disease 24.20%	Injuries 37.90%	Cancer 25.60%	Cancer 28.10%
2	Cancer 22.50%	Suicide 13.40%	Heart disease 23.80%	Heart disease 24.80%
3	Injuries 7.40%	Heart disease 9.40%	Injuries 9.50%	Diabetes 3.60%
4	Diabetes 3.10%	Cancer 6.60%	Diabetes 3.90%	Injuries 2.90%
5	Suicide 2.50%	Diabetes 1.70%	Suicide 3.60%	Alzheimer’s disease 2.30%

Behavior and lifestyle play a major role in preventing acute and chronic health conditions. Smoking and drinking are known causes of lung and liver cancer, respectively. Men’s health risks are further heightened by the fact that men are more likely to forgo health insurance. Factors contributing to men eschewing health insurance coverage are existing prejudice against visiting a doctor, and accessibility issues including a lack of culturally sensitive, affordable, or convenient options. According to a recent study:

- Men are 10.8% more likely to binge-drink than women²⁰(GBT+ men 10% more²¹)
- Men are 3.6% more likely to smoke²⁰than women (GBT+ men 5.2%+ more²²)
- Men are 2.4% more likely to forego health insurance under the age of 65²³
- Only 60% of men get annual physicals²⁴ (compared with 83% for women²⁵)

Body image is another concept that greatly impacts men’s health psychologically (e.g., weight distortions), behaviorally (e.g., extreme dieting), and cognitively (e.g., appearance schemas). According to a 2015 study, “Body Image, Weight and Self-Concept in Men,” as the social pressure to attain an “ideal” physique increases, the discrepancy between that ideal and one’s body increases as well. The media has served to reinforce messaging, resulting in many men perceiving themselves as being unable to express control over their life or their own physique. More than half of all of men

²⁰ 2017 “CDC Leading Causes of Death - Males - All races and origins - United States,” CDC

²¹ 2009 “Study on Binge Drinking,” Department of Health and Mental Hygiene

²² 2018 “The LGBT Community: A Priority Population for Tobacco Control,” American Lung Association

²³ 2018 “National Health Interview Survey,” National Center for Health Statistics, CDC

²⁴ 2016 “Why Men Avoid Doctor Visits,” UCI Health

²⁵ 2017 “Kaiser Women’s Health Survey,” Kaiser Family Foundation

wanted to be thinner, more muscular, have a fuller head of hair, and less hair on their bodies.²⁶

In addition to avoiding their physical ailments, men are also reluctant to seek out assistance for mental illnesses. As previously mentioned, men are committing suicide at a higher rate than women. Of the 14% of men who experience a mental health issue, only about 60% of them actually go for treatment, compared to about 75% of women in the same situation.²⁷ This reiterates the idea that men are less willing to seek professional help whether it be medical or therapeutic. A 2015 study commissioned by Orlando Health found that the top excuse men use to avoid scheduling an annual check-up with their primary care physician is that they are too busy.²⁸

By taking data from a multitude of sources regarding the average time that men spend on activities throughout the day, we constructed a pyramid detailing the average time a man spends on the most common activities in a 24-hour period.

Figure 1.4: How Men Spend Their Hours per Day²⁹



The data indicate that over one-thirds of a man's day is spent sleeping. Thus, it is concerning that 36% of men in the U.S. suffer from short sleep duration, a condition in which one gets less than seven hours of sleep on a regular basis. According to the CDC, this condition is most prevalent in the Southeast and Northeast regions of the country.³⁰ Insufficient sleep can lead to a higher risk of health issues including obesity, diabetes, cardiovascular disease and hypertension, and compromised immune function. The

²⁶ 2015 "Body Image, Weight and Self-Concept in Men," NCBI

²⁷ 2017 "Men Seeking Counseling: The Alarming Statistics," Gateway Counseling Center

²⁸ 2016 "Why Avoiding the Doctor is Men's #1 Health Problem," Orlando Health

²⁹ 2019 "American Time Use Survey – 2019 Results," U.S. Bureau of Labor Statistics. Hours do not necessarily equate to one day based on averages.

³⁰ 2014 "Data and Statistics: Short Sleep Duration among U.S. Adults," CDC

average man in the U.S. spends 3.0 hours and 0.6 hours watching TV and playing online/video games, respectively. The combined time spent on personal care, nutrition, socializing, active lifestyle, and relaxing is 3.2 hours or 24 minutes less than the combined time spent watching TV and playing online/video games (3.6 hours). A greater focus on self-betterment and personal care would have a significant impact on the long-term health prospects for men given the outlined preventive measures to combat many health issues.

Masculinity and femininity are terms used very commonly in today's culture. However, the actual definition is quite elusive and many of the associated characteristics are socially constructed and culturally insensitive given the differences that exist among men. The evolving definition of "masculinity" also plays a crucial role in further understanding the need for various approaches to healthcare, specific to the cultural sensitivities that address the different issues and concerns from the various groups that represent the male population.

Figure 1.5: The Definition of Masculinity Continues to Evolve³¹

In describing traditional masculinity, David and Brannon (1976) suggested that this ideology is dictated by four main rules: men should not be feminine; men must be respected and admired; men should never show fear; and men should seek out risk and adventure.

Similarly, O'Neil (1981a, 1981b, 1982, 2008) posited that traditional gender role socialization leads men to struggle with four main factors of traditional masculinity: men should be successful, achieve power/status, and readily compete against others; men should restrict their emotions; men should restrict their affectionate behavior with other men; and men should be work/career driven.

Even though there may be specific ideals associated with traditional masculinity, Thompson and Pleck (1995) proposed that there is no singular type of masculinity. Many masculinity ideologies exist within the U.S. varying between cultural and ethnic groups.

Most of the characteristics that are associated with masculinity and femininity are socially constructed. That is, social groups define what is and is not masculine and feminine. More specifically, scholars have noted that the dominant group typically defines what are appropriate behaviors for a given gender, and that subordination and marginalization of those who violate these norms are used to sustain the constructs (Connell, 2005).

Men's healthcare services are limited in their scope of addressing the prevention of the specific issues that affect men most. However, over the past few years, men-specific healthcare clinics and centers have emerged. In 2014, NYU took an aggressive step to address the disturbing healthcare trends men face by opening the Preston Robert Tisch Center for Men's Health. Although it was not the first single-site facility offering primary

³¹ 2009 "Reported Effects of Masculine Ideals on Gay Men," NCBI

care plus other medical specialties for men specifically, it did lead the way in creating care centers that are driving awareness and better health outcomes for men in the U.S. and globally.

Figure 1.5: Men's Leading Healthcare Centers in the U.S.

Men's Health Center (University or Hospital Affiliate)	Focus/Specialties
Cleveland Clinic's Center for Men's Health	Urology, ED, Low Testosterone, Chronic Testicular Pain, BPH or Prostatitis
Minority Men's Health Center	Primary Care, Research, Public Education for Black + Latinx
Preston Robert Tisch Center for Men's Health	Cardiology, Gastroenterology, Internal Medicine, Physical & Rehabilitation
Cutler Center for Men's Comprehensive Care	Urology, Cardiology, Physical Therapy
University of Pittsburgh Men's Health Center	General Urology
Weill Cornell Medicine Iris Cantor Men's Health Center	Urology, Urologic Oncology
Northwell Health – Multiple Centers (CoE)	HIV health, Transgender Health, LGBTQIA+ Health Center of Excellence
University of Utah Health – Men's Health Clinic	Reproductive Health, Testicular/Prostate Cancer, Transgender Health
UCSF MarinHealth Men's Care Center	Urology, Prostate Cancer
Duke Urology Men's Health Center	Urology, Reproductive Health
UC Irvine Urology – Men's Health Center	Reproductive Health, Low Testosterone, Peyronie's disease
Denver Health – LGBTQ+ Health Services	Gay, Lesbian & Transgender Health, LGBTQIA+ Health Center of Excellence
UW Medical Center – Roosevelt - Men's Health Center	Urology, Reproductive Care
UC San Diego Health – Men's Health Center	Male Fertility and Sexual Health, Urology
Vanderbilt University – Center for Men's Health	Comprehensive Research - Social & Cultural Factors Shaping Men's Health
Pride Health Center – NYC Health+ Hospitals/Metro	Physical & Mental Health Needs for LGBTQ Community
Mount Sinai & Man Cave Health Sports-Themed Center	Urology
Boston Medical Center – Center for Sexual Medicine	Sexual Health, including ED

Men's testosterone replacement and erectile dysfunction (ED) were the original pillars of male-specific health centers and there are hundreds if not thousands of similar centers across the country. Yet the new concept has evolved to encompass a broader spectrum of men's health including, but not limited to, male endocrine, surgical, urological, gender, physical performance, psychological, and culturally sensitive care. The table above outlines some of the more prominent men's health centers at leading hospitals or universities in the U.S. In a study of the top hospital centers in the country, only 16 of the top 50 hospitals offer some type of men's health clinic.³² The healthcare landscape extends beyond typical healthcare systems and medical companies. There are entities that specialize in promoting mental and emotional health using non-drug therapies, centers specializing in transgender health, and others providing access to a wide array of treatment and care options for men.

Men's health advocacy groups also play a key role in funding research and raising awareness to tackle many of the prevalent issues impacting men's health. These

³² 2015 "The Men's Health Center: Disparities... America," Official Journal of the Chinese Urological Association

organizations range from focusing on men's health in general to specific health topics such as male fertility or prostate cancer. Men's health advocacy groups also expand the resources for underserved groups highlighting many of the disparities that certain communities of men face and how education and support can lead to better outcomes.

Figure 1.6: Men's Health Advocacy Groups in the U.S.

Men's Health Advocacy Groups	
Men's Health Caucus	Movember
Men's Health Network (MHN)	The National LGBT Cancer Network
Sean Kimerling Testicular Cancer Foundation	The Association of LGBTQ Psychiatrists
MIU Men's Health Foundation	GMHC
Prostate Cancer Foundation	GLMA (The Gay & Lesbian Medical Association)
ZERO – The Project to End Prostate Cancer	WPATH (World Prof. Assoc. for Trans Health)
Man Therapy	Black Men's Health Project
National Latino Behavioral Health Association	Health Disparities Network

There have been significant shifts in U.S. healthcare regulations recently, most notably regarding telehealth during the COVID-19 pandemic.^{33 34 35 36} These changes in regulations have the potential to dramatically impact consumers as many of the prominent men's health companies (hims, Ro, Keeps, etc.) may be able to leverage the privacy and ease of home healthcare and telehealth.

Recent Government Regulatory Changes Regarding Site of Care, Telehealth Coverage, and Delivery Mechanisms

Due to the COVID-19 pandemic, significant (although temporary) regulatory changes were enacted that affect U.S. healthcare delivery. The four main changes include:

- CMS expanded healthcare coverage for site of care to include online health & telehealth services. This helps clinicians to improve their ability to address patients' needs & allows healthcare providers to waive copayments for those telehealth services.³³
- The Drug Enforcement Agency (DEA) announced that it would allow practitioners to prescribe medicines through all-digital health services, given that they are adherent to certain conditions.³⁴
- The federal government expanded telehealth services coverage to include: Telehealth visits, virtual check-ins, and E-visits.³⁵
- The Office for Civil Rights at the DHHS announced that it would not penalize healthcare providers for using video conferencing technology not approved by the Health Insurance Portability and Accountability Act (HIPAA).³⁶

³³ 2020 "Physicians and Other Clinicians: CMS Flexibilities to Fight COVID-19," CMS

³⁴ 2020 "COVID-19: Rules Relaxed for Prescribing Controlled Substances via Telehealth," Frost Brown Todd LLC

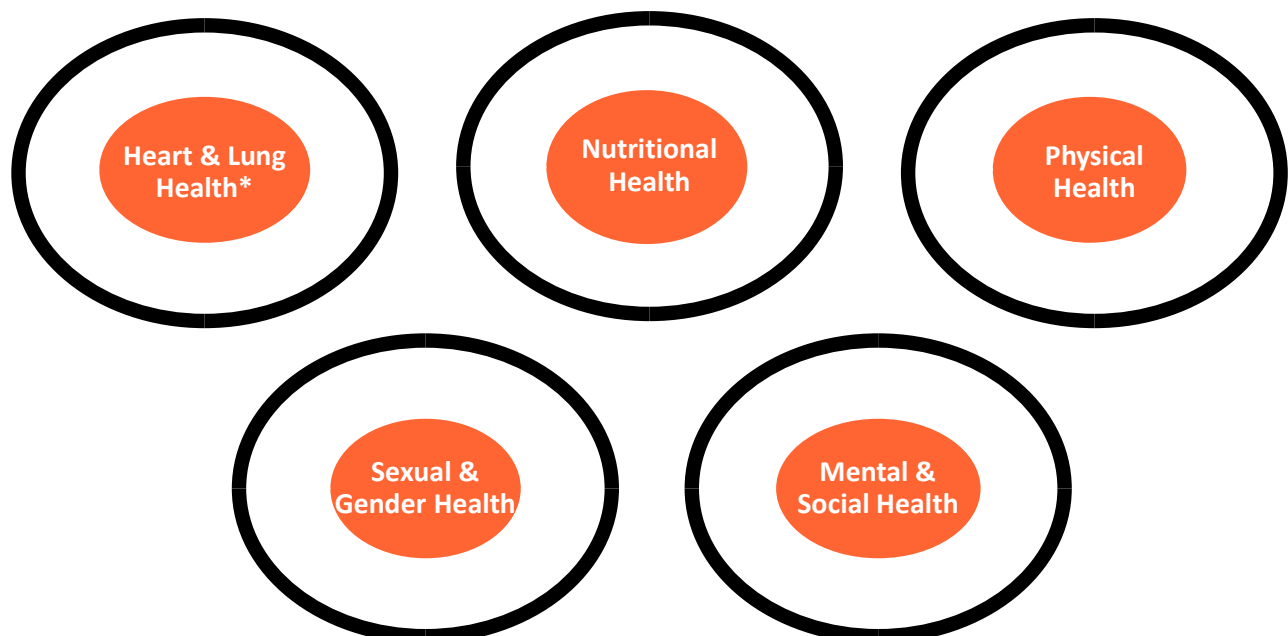
³⁵ 2020 "Medicare Telemedicine Health Care Provider Fact Sheet," CMS

³⁶ 2020 "Notification of Enforcement Discretion for Telehealth Remote Communications..." U.S. Department of Health and Human Services (DHHS)

These shifts in healthcare regulation, if made permanent, could incrementally affect current definitions of quality of care, delivery, and reimbursement for both men and women. There's no doubt the pandemic and resulting impacts on various populations have provided a tailwind for more open healthcare policy regarding site of care and telehealth. Given the success it has seen in terms of growth, there is incredible optimism that increasing men's accessibility to healthcare through telehealth could lead to men seeking preventive healthcare such as annual primary care visits and visits related to new onset of symptoms. There is also general optimism that these changes could result in more accessibility and better quality of care for underserved populations assuming sufficient infrastructure (e.g. stable WiFi connectivity) is in place to support these communities. However, not all of the changes have been beneficial to all men. The recent ruling by the Trump administration in June 2020 to remove anti-discrimination protections for LGBTQIA+ people regarding healthcare and insurance may lead to more discrimination and in turn more negative health outcomes for GBT+ men. There are large discrepancies regarding accessibility, affordability, and availability of various care options across socioeconomic and demographic populations.

We identified five health groups to focus on in the men's **Healthcare & Lifestyle** sector: (1) Heart & Lung Health (also includes other chronic conditions), (2) Nutritional Health, (3) Physical Health, (4) Sexual & Gender Health, and (5) Mental & Social Health.

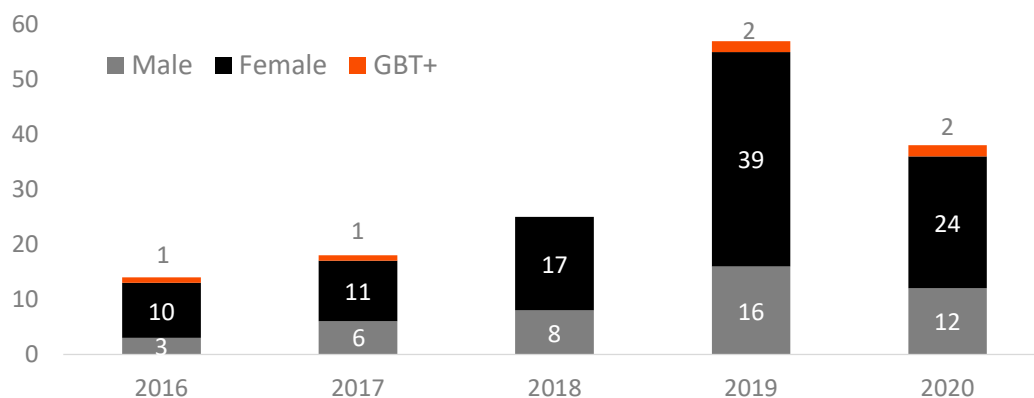
Figure 1.7: Key Areas in Healthcare & Lifestyle



Recent developments in the men's **Healthcare & Lifestyle** startup financing market demonstrate increased interest in the space. We looked at the last five years of private financing where the products or overall target population were either men or women-specific. There remains a large gap between the number of startups focused on women-specific as opposed to male-specific health concerns, and an even greater gap forGBT+ and other male communities who find limited culturally sensitive options available. We understand that mainstream medical tests and clinical trials are designed with a focus on the average white male patient as previously mentioned, yet we cannot ignore the continued failure to address the disproportionate effect that some of the most prevalent preventable conditions have on the male population. The recent signs from the private financing market are encouraging although there is still a huge need for greater awareness and education, more gender-specific research to better understand certain populations and outcomes, and greater access to culturally sensitive offerings as certain populations of men are more disadvantaged than others and their health concerns tend to be neglected.

Total private financing for the gender-based **Healthcare & Lifestyle** sector since 2016 is almost \$1.9 billion with men's health representing over \$700 million with over \$300 million invested during this year thus far. Since 2018, there has been over \$500 million of private financing related to men's health (36 total transactions) as compared to over \$1 billion for women's health (80 total transactions) during the same period. This market continues to grow and innovation from health systems, startups, and other entities within the ecosystem continue to pave the way for greater understanding, development, and integration of gender-based products and services.




















Figure 1.8: Recent Healthcare & Lifestyle Financing for Gender-Based Healthcare Startups³⁷



³⁷ 2020 "Gender-Based Healthcare Private Financings \$200k – \$200mm since 2016 for U.S. based companies," Crunchbase

The numbers indicate that men's health continues to have significant room for growth when it comes to all types of care for men. The recent investments over the past year show the breadth of the men's health market in general healthcare, urology, and fertility (\$3.5 billion market³⁸) to the most active segment which is men's personal care (\$9.2 billion market³⁹). Men's care represents a large opportunity for those willing to invest in this evolving market.

Figure 1.9: Financing for Men's Healthcare & Lifestyle Startups over the Past Year⁴⁰

Company	Description	Est. Revenues (\$mm)	Last Funding Date	Last Funding (\$mm)	Funding Type	Top 5 Investors
Men's General Care						
	Ro is a telehealth startup that operates digital health clinics (began as men's health).	\$250	7/30/20	\$200	Unknown	General Catalyst, FirstMark, Initialized Capital, Slow Ventures, SignalFire
	Vault Health is an at-home healthcare practice specializing in men's medicine.	\$10 to \$50	3/12/20	\$30	Unknown	Tiger Global Mgmtt, Redesign Health, Dolik Ventures, Declaration Capital
Men's Prostate Care						
	Sisu Pharma is developing drugs against a new target to treat prostate cancer.	n/a	6/30/20	\$2	Seed	n/a
	MedicaMatrix develops urological medical devices that help treat prostate disease.	Less than \$1	6/8/20	\$0.1	Seed	n/a
	Gregor Diagnostics is developing a screening test technology for prostate cancer.	Less than \$1	10/28/19	\$2	Seed	First Round Capital, Green Park & Golf Ventures
Men's Reproductive Care						
	Contraline is developing the first long-lasting, reversible contraceptive for men.	Less than \$1	4/30/20	n/a	Series A	FundRx
	Legacy is a private bank that helps men test, improve, and freeze their sperm.	\$1 to \$10	1/31/20	\$4	Seed	Y Combinator, Alumni Ventures Group, Bain Ventures, AVG Fund, Tribe Capital
	Dadi offers sperm storage, male fertility report, and at-home collection kit.	n/a	8/8/19	\$5	Seed	Firstminute Capital, Third Kind Venture Capital, Curtis Lee, Nat Turner, A. Chung
Men's Gender Care						
	Lifestyle app for womxn, trans, genderqueer, intersex, two spirit, & non-binary.	n/a	7/16/20	\$2	Seed	Partners, XFactor Ventures, Bumble Fund
	Folx Health is a digital health services platform that helps queer communities.	n/a	4/21/20	\$4	Seed	n/a
	Out & About CBD provides wellness products geared towards the LGBT community.	n/a	12/17/19	\$2	Seed	n/a
Men's Personal Care						
	Thirty Madison provides hair, migranes & acid reflux products (began as men's health).	\$1 to \$10	8/14/20	\$47	Series B	Polaris Partners, Johnson & Johnson Innovation, Maveron, Northzone
	Tame the Beast creates men's grooming products.	n/a	7/1/20	\$3.5	Series A	Callais Capital Management, Capital Innovators
	Disco is a personal-care brand that offers a one-stop-shop for skincare products for men.	n/a	4/6/20	\$2	Unknown	n/a
	Even Prime is a skincare line company that provides affordable products for men.	n/a	1/15/20	\$0.1	Pre-Seed	XRC Labs
	Huron is a skin care startup for men.	n/a	8/20/19	\$1	Seed	Jared Smith, Paul Munford, CXT Investments, Peter Rahal
	ManFace is a health and wellness company that offers men's facial products.	n/a	8/22/19	\$0.2	Unknown	n/a
	ASystem creates science-backed betterment products.	n/a	8/7/19	\$4	Seed	PLG Ventures, Firstminute Capital, S8 Capital
	Oars + Alps provides skincare products for men.	Less than \$1	4/29/19	\$5	Unknown	Levy Family Partners, Breakout Capital

³⁸ 2020 "Male Infertility Market Size, Share & Trends Analysis Report," Grand View Research

³⁹ 2020 "Men Personal Care Market by Type (Hair care, Shaving, Oral, Personal Cleanliness, Skin Care)," Euromonitor International

⁴⁰ 2020 "Men's Health Private Financings Over the Past Year," Crunchbase

Related Mergers & Acquisitions (M&A) transactions tell a similar story. The most recent deals, both the acquisition of Acesa Health and the acquisition of CREMO, showcase the breadth of the markets that form the gender-based **Healthcare & Lifestyle** sector.

Figure 1.10: M&A Transactions for U.S. Gender-Based Healthcare & Lifestyle Startups^{41 42 43 44}

Target	Acquirer	Date	Deal Amount (\$mm)	Description
Acesa Health	Hologic	8/25/20	\$80	Acesa Health develops minimally invasive, uterine-sparing solutions for women with symptomatic fibroids
CREMO	Edgewell Personal Care Company	8/4/20	\$235	CREMO is offers a complete line of men's grooming products including beard, hair, shave prep and skin care products
Seven Hills Women's Health Centers	Axia Women's Health	6/25/20	n/a	Seven Hills Women's Health Centers provides comprehensive women's health care in Cincinnati.
Grindr	San Vicente	5/29/20	\$620	Grinder is the world's largest social networking app for gay, bisexual, transgender, and queer people.
Intrarosa® from AMAG Pharmaceuticals	Millicent Pharma	5/21/20	\$125	Intrarosa®, is a steroid indicated for the treatment of moderate to severe dyspareunia due to menopause.
18.21 Man Made	New World Natural Brands	11/1/19	n/a	18.21 Man Made offers premium grooming products for men.
Oars + Alps	S.C. Johnson & Son	9/12/19	n/a	Oars + Alps provides skincare products for men made from natural, toxin-free ingredients.
Sprout Pharmaceuticals	Bausch Health	9/4/19	\$20	Sprout Pharmaceuticals develops products for the treatment of female sexual dysfunction.
Sustain Natural	Grove	8/8/19	n/a	Sustain is the first brand of all natural, vagina-friendly essentials. We make everything from tampons, to condoms to lubricant.
Harry's	Edgewell Personal Health	5/9/19	\$1,370	Harry's sells razors and personal care kits for men (deal blocked by FTC yet serves as valuation indicator).
Lucina Health	Unified Women's Healthcare	3/25/19	\$2	Lucina Health is a data-driven, enterprise SaaS company that delivers the leading women's maternity analytics platform.
Billie	P&G	2/29/19	\$25	Billie is a wellness company that offers high-quality shaving supplies and body products for women.
Heartland Women's Healthcare	Advantia Health	2/20/19	n/a	Heartland Women's Healthcare is an OB-GYN practice with 25 locations across Missouri and southern Illinois.
This is L.	Proctor & Gamble (P&G)	2/5/19	\$100	This is L. is a period care startup that manufactures organic pads and tampons.
Bevel	Proctor & Gamble (P&G)	12/12/18	n/a	Walker & Company Brands, maker of Bevel men's grooming products for Black men and Form beauty products.
Augmentix	Boston Scientific	10/17/18	\$500	Developed and commercialized SpaceOAR® System used to reduce side effects of prostate cancer radiotherapy.
Sperm Check	DNA Diagnostics Center	5/1/18	n/a	Sperm Check is a privately held biotechnology company and a global leader in male reproductive health.
NxThera	Boston Scientific	4/30/18	\$406	NxThera develops Rezūm System, a medical device to improve urinary flow of men and improve patient quality of life.
Viveve	Viveve Medical	2/12/18	\$32	Viveve develops non-surgical treatment for women who have experienced vaginal looseness and loss of physical sensation.
Jack Black	Edgewell Personal Health	1/23/18	n/a	Jack Black is a provider of men's prestige grooming and skin care products.
Endocyte	Novartis	1/18/18	\$2,100	Biopharmaceutical company focused on developing targeted therapeutics for cancer treatment (prostate).
Dendreon Pharmaceuticals	Sanpower Group	6/29/17	\$820	Dendreon produces immunotherapy for prostate cancer.
Nuelle Inc.	Aytu BioScience Inc.	5/9/17	\$24	Manufacturer of medical devices to stimulate sexual arousal in women.

⁴¹ 2020 "Gender-Based Healthcare M&A Transactions since 2016 where both target and acquirer are U.S. based," Crunchbase & Company Press Releases

⁴² 2019 "Showing the Power of Startup Women's Health Brands, P&G Buys This is L.," TechCrunch

⁴³ 2019 "Razor Startup Harry's Will Be Acquired by Edgewell Personal Care for \$1.37B," TechCrunch

⁴⁴ 2016 "Unilever Buys Dollar Shave Club for \$1 Billion," Fortune

Conclusion: The Men's Health Market is Attractive

Men are beginning to realize that they do not have to adhere to the typical activities that compose the stereotypical macho man. Skin care routines, yoga, and mindful eating are just some of the practices that some men have begun to embrace in hopes of leading healthier lives. There are numerous startups that are in the *Healthcare & Lifestyle* sector, and investors are interested in funding those that have the potential to expand care and experiences for men.

However, there remains a deficit of companies focused on addressing the chronic conditions and other nutritional, physical, mental, and sexual problems that men specifically encounter. As previously mentioned, men suffer from a multitude of conditions that are preventable. By addressing the core problems, either through new practices or products, it is possible for men to lead a healthier, more well-rounded lifestyle.

We have identified five key men's *Healthcare & Lifestyle* sector highlights below:

Men Face a
Multitude of
Preventable Health
Issues

Men's lifestyle and behavior choices have the potential to benefit their health and quality of life.

Men's Focused
Health Centers &
Groups are Part of
the Solution

Many leading healthcare centers at universities or hospitals offer best-in-class services for men (urology, cancer, psychological, etc.).

Men's Focused
Health Startup
Financing is on the
Rise

Steady growth in the Men's *Healthcare & Lifestyle* private financing market has not slowed due to the COVID-19 pandemic.

lululemon Finds
Great Value in
Men's Health

lululemon considers men a strategic priority (top 3 growth driver) and continues to invest in products that cater to men.

hims, Vault, and
Others Show the
Potential for Breadth
& Scale

hims going public, Vault raising \$30mm during the pandemic, Ro recently raising \$200 million to diversify offerings show signs of a healthy market.

Several upcoming milestones including him's potentially going public through a reverse merger should elevate the notion of men's healthcare and stimulate continued exploration regarding the merits of the men's *Healthcare & Lifestyle* sector.

2. Case Study: GNC, the Blockbuster of Men's Health

GNC was synonymous with men's Health & Wellness and was a leading destination for men seeking better physical, sexual and nutritional results.

When GNC went public as a traded company (NYSE: GNC) in 2011, it was named the Best Initial Public Offering (IPO) of the Year by *Forbes Magazine* and earned CNBC's IPO Star of 2011. GNC's U.S. store base was more than 12 times larger than that of its nearest specialty retailer competitor, which made it the largest specialty retailer of health and wellness products in the world at the time.⁴⁵ From its IPO to 1Q 2015, GNC managed to outperform not only the market, but Amazon by almost 100% over the four-year period. It was a destination for men seeking to learn more about their health, and feel and look better.

Figure 2.1: Stock Price Chart for GNC Holdings (2011-2020)⁴⁶



GNC filed for Chapter 11 bankruptcy in June 2020 and plans to close up to 1,200 stores as the company reported income from operations of negative \$225 million for the first six months of 2020. The company's meteoric rise to over 9,000 retail and franchise locations in over 50 international markets highlighted not only the significant growth potential of the Health & Wellness market, but also highlighted the appetite for health and wellness products geared towards men. Many men have experienced walking into a GNC and purchasing a workout, sexual performance, hair enhancement, or other supplement geared towards one of the many issues impacting men and their appearance or lifestyle. The continued rise of online shopping and Amazon (primarily) coupled with other available options for men led to the company's fall from a category leader to an iconic reminder of men's desire to seek a healthier lifestyle.

⁴⁵ 2014 "GNC – Around the World in (almost) 80 Years," Business View Magazine

⁴⁶ 2020 "Company Stock Price Chart," Google Finance

3. Case Study: Will hims Open the Flood Gates?

hims began its entrance into men's health in 2017 and has been a showcase for how men's health companies can scale up.

hims has discussed plans to go public after only three years of operations, which is a testament to the market potential not only for telemedicine, but also for men's health. The company was founded in 2017 with a focus on men's health primarily through the sale of on-demand pharma products. Even as the company has pivoted to include services related to women in 2018 and COVID-19 most recently, the initial growth was fueled by men seeking better care for themselves. hims initially capitalized on key aspects impacting men's sexual health and social identity, and also levered telemedicine which proved to be incredibly effective for men who traditionally consult physicians for annual check-ups and screenings at a much lower rate than women. The ease and privacy of its hair loss and ED prescription offerings were the primary drivers of its initial success.

- By 35 years old, 66% of men will experience appreciable hair loss⁴⁷
- 40% of males over the age of 40 experience ED⁴⁸

hims' primary offerings (one-time or subscription) include:

- ED treatment (prescription drugs)
- Hair loss treatments (generic hair loss drugs, shampoos, and vitamin gummies)
- Skincare products (anti-aging creams and moisturizers)
- COVID-19 saliva test kits (FDA authorized)
- Primary care telemedicine plus online therapy sessions
- hers products for women (acne treatments, birth control, and anti-aging cream)

Last year, the company brought in over \$100 million in revenue, and this year, the company has set a staggering revenue guidance of \$250 million for 2020.⁴⁹ The company has raised \$197 million in venture funding, and has recently been valued at \$1.1 billion.⁵⁰ Roman and Keeps have also experienced similar paths and have roots in male-centered health.

⁴⁷ 2020 "Men's Hair Loss: Introduction," American Hair Loss Association

⁴⁸ 2018 "Erectile Dysfunction," Cleveland Clinic

⁴⁹ 2020 "Everything You Need to Know About Health pp hims," The Motley Fool

⁵⁰ 2020 "hims Considers \$1B Reverse Merger," Pitchbook

4. Case Study: lululemon Betting on Men for Growth

lululemon charges ahead with its strong conviction regarding the male consumer and their evolving lifestyle habits and needs.

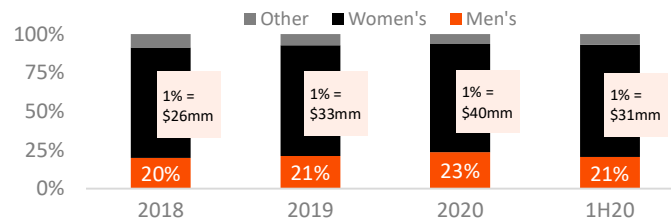
Unlike Hims, Roman, Keeps, and many other men-focused companies that launched and scaled with products specifically for men and over time added products for women and other categories, lululemon has taken the exact opposite approach. What began as a hybrid design/yoga studio which converted to its first official store in 2000, lululemon has become a household name in wellness and athleisure. “We’re ready to build upon our success and embark on the next phase of growth at lululemon to realize the full potential of our brand,” said CEO Calvin McDonald. In early 2019, the company announced its “Power of Three” growth aimed at increasing sales across the following categories: (1) men, (2) digital, and (3) international. The growth strategy includes a plan to double revenues related to men’s products over the next five years. lululemon also began releasing official financials (SEC 10K filings) with a breakdown for men’s revenues in February 2020 showing 2019 revenue growth of 34% as compared to 19% for women. This not only shows the significance of the men’s category as a healthy portion of the revenue base but also highlights the incredible growth momentum and expected trajectory for the men’s category. Several men-focused athleisure companies, such as Ten Thousand and Rhone Apparel, have continued to grow by creating innovative products for men as they move. Vuori, which raised \$45 million last August⁵¹, began by offering activewear for men and has since expanded to include women’s apparel.

Figure 4.1.a: lululemon’s Financials: Men’s Revenues and Growth⁵²

(\$mm)	Total Revenues (Year Ending February 2)				% Growth (year-over-year)		
	2018	2019	2020	2 Qtrs Ended Aug 2, 2020 (1H20)	2019	2020	1H20
Men's	527	695	934	320	32%	34%	(16%)
Women's	1,893	2,353	2,791	1,130	24%	19%	(4%)
Other	230	241	255	105	5%	6%	2%

⁵¹ 2020, “Company Profile,” Crunchbase Pro

⁵² 2020 “Lululemon 10k Filing,” SEC Edgar

Figure 4.1.b: lululemon's Financials: Men's Revenues as a Percentage of Total Revenue⁵³

lululemon's focus on shifting from an athleisure company to a lifestyle and experience company is gaining steam with the recent acquisition of Mirror. This acquisition provides additional versatility to its current offerings which will enable lululemon to compete with Nike (Nike Training or Run App) and Under Armour (MyFitness Pal) on the one hand, and Peloton and SoulCycle on the other. Furthermore, the acquisition allows the company to become more technology oriented and presents the possibility of further expansion beyond its current products and services. The company is preparing itself to be more accessible and multi-faceted in addressing the fitness, wellness, and personal care needs of its consumers.

lululemon is demonstrating how it is possible to go beyond the scope of a traditional apparel brand. The innovation that the company brought to the industry is the introduction of its men's apparel products which is an area lacking specifically in the yoga apparel industry. The practice of yoga is relatively new in the U.S. male community but continues to gain traction as male participants comprised 17.8% of the yoga community in 2012 and 28% of the community in 2016.⁵⁴ This mirrors (no pun intended) the trends occurring within the entirety of the **Healthcare & Lifestyle** space as men are becoming more conscious about healthy habits and self-care practices. Furthermore, lululemon is focused on the Health & Wellness space from its core products in women's yoga apparel, its men's apparel and other products, and the recent introduction of personal care products.

Recognizing that this self-care trend is real and gaining ground, lululemon has decided to become a provider for men in products that have been largely targeted to women in the past. By being one of the incumbents to offer yoga apparel to the growing segment of male yoga practitioners, lululemon can become the loyal provider that men gravitate towards as a kind of champion for men's **Healthcare & Lifestyle**. This is representative of findings from a group of studies indicating that companies exhibiting similar beliefs

⁵³ 2020 "Lululemon 10k Filing," SEC Edgar. 1% of total annual revenues equals \$x million of revenue based on the total annual revenue base.

⁵⁴ 2016 "The 2016 Yoga in America Study," Yoga Journal and Yoga Alliance

and values as men can expect those consumers to remain loyal to their brand.⁵⁵ lululemon aims to double its revenues from men's offerings by 2023 as a critical part of its expansion plans for the immediate future. If the company is able to create significant ties to the male community with its men's products, then there will be significant growth opportunities for its men's segment and the company overall going forward.

Due to the limited nature in which public health companies exist for specific Health & Wellness areas, we created the following divisions of public health to construct a viable comp set for lululemon's operations:

- **Athleisure/Lifestyle:** Companies engaged in supplying consumers with the clothing and accessories necessary for an active lifestyle.
- **Fitness:** Companies offering fitness, training or other physical fitness services in gyms, studios or at home.
- **Physical Recovery:** Companies committed to providing physical recovery services including physical therapy, chiropractic care and other rehabilitation services.
- **Personal Care:** Companies offering skincare, grooming, sexual care and other related products allowing individuals to manage their daily care themselves.
- **Weight Management:** Companies offering weight loss and related products.

Figure 4.2: Public Comparable Company Analysis^{56 57}

Company	Price Range	Topline	Margin	Valuation Multiples	
	% of 52-Week High	LTM Revenue (\$mm)	LTM EBITDA %	EV / LTM Revenue	EV / LTM EBITDA
lululemon Athletica (LULU)	85%	\$3,869	24.3%	12.0x	49.6x
Athleisure/Lifestyle					
Nike (NKE)	99%	\$37,403	10.9%	5.4x	49.3x
Under Armour (UAA)	54%	\$4,509	4.0%	1.5x	36.8x
AVG		\$20,956	7.5%	3.4x	43.0x
Fitness					
Peloton Interactive (PTON)	99%	\$1,246	(14.9%)	23.2x	n/a
Planet Fitness (PLNT)	72%	\$526	33.8%	13.3x	39.5x
AVG		\$886	9.5%	18.3x	39.5x
Physical Recovery					
U.S. Physical Therapy (USPH)	58%	\$436	13.5%	2.8x	20.4x
The Joint Corp. (JYNT)	81%	\$53	10.4%	4.7x	45.1x
AVG		\$244	11.9%	3.7x	32.8x
Personal Care					
hims	n/a	\$100	n/a	12.0x	n/a
Edgewell Personal Care Co. (EPC)	72%	\$1,989	15.6%	1.1x	7.3x
AVG		\$1,044	15.6%	6.6x	7.3x
Weight Management					
WW Interantional (WW)	43%	\$1,415	20.2%	2.1x	10.2x
Medifast (MED)	90%	\$759	12.6%	2.4x	19.1x
AVG		\$1,087	16.4%	2.2x	14.7x

⁵⁵ 2019 "Men, Women, and Brand Loyalty," Cotton Incorporated

⁵⁶ 2020 "10Q, 10K, 424B4 and Related Reports Detailing Company Financial Information," SEC Edgar

⁵⁷ 2020 "Company Stock Prices," Yahoo Finance. Stock prices as of market close on October 1, 2020.



















Technology companies are valued differently from other companies based on their ability to grow, often resulting in higher metrics even if the company is not yet profitable. Peloton is one of the leading providers of at-home workouts today and does not have positive earnings at this moment with an Earnings Before Interest, Depreciation & Amortization (EBITDA) margin of -14.9% in the last twelve months. Peloton still has a market cap above \$24 billion and has its current stock price sitting at 91% of its 52-week high. The growth component for technology companies is critical as there is the possibility of continuous revenue growth without the need to maintain expensive storefronts and other costs that plague traditional brick and mortar retailers. lululemon's recent acquisition of at-home fitness provider Mirror represents an opportunity to benefit from their strategic shift towards a more experiential product set. This began with running clubs, retreats, and other experiences that begin to shift the consumer to acceptance of lululemon as more than just an apparel brand. The company has experienced sustained revenue growth over the past five years at around 17% while the likes of Nike and Under Armour have had revenue growth of 4% and 11% over the same period, respectively, even as both Nike and Under Armour have attempted to increase their experiential offerings with apps, running clubs, etc.

Even when the company is not completely focused on technology (put aside WeWork), having a tech component to its operations can prove to be advantageous over competitors. Nike has also embraced the tech wave as it collaborated with Apple to produce the Nike Apple Watch Series 3 and Series 5 products. With the expansion of its products, Nike has become involved in the lives of its consumers beyond just its apparel while obtaining higher growth prospects than it would have otherwise. Boasting an Enterprise Value(EV)/EBITDA multiple of 46x, Nike is outperforming competitors like Under Armour and Foot Locker by expanding into more high growth markets.

This is the route that lululemon can occupy with its acquisition of Mirror. It is still a relatively young company when compared to other fitness apparel brands and with a EV/Revenue multiple of 11.1x, more than twice that of Nike. In addition, lululemon has an EV/EBITDA multiple of 45.6, exceeding the multiples of Nike, WW International, and others in the Health & Wellness space. The acquisition only further improves its growth prospects as the shift to online and digital continues longer term, and this shift has been exacerbated most recently by the COVID-19 pandemic. The company's eCommerce performance for the recent two quarters was 155% year-over-year from last year's 50%

as its omni-channel capabilities proved to be very beneficial. Further expansion into the digital and online space could further improve lululemon's standing among its competitors and also fuel growth in its men's category. Many of the successful companies in the men's **Healthcare & Lifestyle** sector such as hims, Roman, and Keeps were very successful due to their telemedicine and digital offerings, which may prove to be similar for lululemon's at-home offerings as a result of the Mirror acquisition.

Figure 4.3: Comparable Transaction Analysis^{58 59 60}

Target	Acquirer	Transaction Date	Deal Amount (\$mm)	Enterprise Value (EV) (\$mm)	Target Revenues (\$mm)	Target EV/LTM Revenues	Description
		6/5/20	\$93	\$2,473	\$1,627	1.5x	Callaway Golf Company, together with its subsidiaries, designs, manufactures, and sells golf clubs and golf balls, apparel, gear, and other products.
	Magnus Holdings	9/5/16	\$265	\$2,348	\$1,656	1.4x	Acushnet Holdings Corp. designs, develops, manufactures, and distributes golf products in the United States and internationally.
		10/16/19	\$47	\$51	\$11	4.6x	Tonic Fitness Technology, Inc. designs, manufactures, and sells fitness equipment in Taiwan.
		3/17/15	\$474	\$474	\$14	33.9x	MyFitnessPal, Inc. develops a web-based health and fitness mobile application which tracks nutrition intake, calories, and fitness activities.
		1/5/15	\$85	\$85	n/a	n/a	Endomondo ApS operates a website and an application that allows users to access a training log and analyze fitness activity.
		12/6/13	\$150	\$150	n/a	n/a	MapMyFitness, Inc. operates a Web, mobile, and social destination that integrates with fitness tracking devices, sensors, and wearables.
		4/11/19	\$24	\$24	\$7	3.5x	The workforce solutions include prevention solutions, such as physical demands analysis (PDA).
STUART WEITZMAN		5/4/15	\$574	\$653	\$85	7.7x	Stuart Weitzman Intermediate LLC designs, manufactures, and markets designer footwear for women.
		10/31/19	\$2,265	\$1,763	\$1,504	1.2x	Fitbit, Inc., a technology company, provides health solutions in the United States and internationally.
		7/7/20	\$500	\$500	\$100	5.0x	Mirror manufactures mirror system equipped with cameras and speakers which enables fitness instructors to teach fitness classes to users digitally.

lululemon acquired the hardware and digital technology that allows Mirror to be a unique and appropriate addition for the fitness brand. The list of recent M&A transactions highlights target companies that provide hardware and/or digital capabilities and the EV/revenue multiples at which they were either partially or fully

⁵⁸ The target-implied EV values were calculated by taking the implied equity value at the time of the deal and multiplying that by 1 + the control premium. This process was only used for the transactions where the acquirer only purchased a fraction of the company to determine the company's overall value.

⁵⁹ In a Morgan Stanley report on lululemon's acquisition of Mirror, analysts determined that Mirror should generate revenues above \$100mm. For our calculations, we used the low estimate of \$100mm as the revenues to determine its EV/revenues multiple.

⁶⁰ The implied EV/Last Twelve Months (LTM) revenues multiple is calculated by dividing the new implied EV by the total revenues.

acquired. Each of the targets supplied the corresponding buyer with manufacturing capabilities, expanded product offerings, or added a digital component that could be incorporated into the buyer's existing operations. The EV/revenue multiples range from 1.2x to 33.9x with an average multiple of 7.7x or 3.3x when excluding the 33.9x multiple of MyFitnessPal acquired by Under Armour. Averaging these two values yielded a 5.5x multiple average which was close to the 5.0x EV/revenue multiple for lululemon's acquisition of Mirror. Annual revenues exceeded \$100 million in the most recent fiscal year.⁶¹ Thus, taking the low end of the estimate seems to be a reasonable and conservative assumption especially as management recently increased forward revenue estimates for the Mirror.

As previously stated, technology companies are awarded higher multiples based on the assumption that those companies have more robust growth prospects than average retail companies. With Mirror, lululemon gains its technology but also its hardware which is valued at a lower multiple to reflect the difference between companies that are purely technological and those that are a hybrid between hardware and software. With the impact of the COVID-19 pandemic, lululemon had to temporarily shut down the operation of its retail stores for a large portion of 2020, like many retailers in the U.S. In June 2020, it announced the purchase of Mirror, which unlocked the company's growth potential as a semi-technology-focused wellness, fitness & lifestyle destination.

Combined with the economic impact on the nation in general, revenues from the U.S. businesses declined, more specifically the men's segment declined at a significant rate. The men's revenues declined by 16% compared to the only a 4% decline for women's, and although two quarters is not significant enough to make a sound conclusion, one must consider the potential shift in consumer habits and purchases as a result of the pandemic. The implication may be as simple as men do not consider athleisure attire necessary for at-home or social distancing fitness and activity, or there could be other shifts emerging. For now, the answer remains a mystery, yet this phenomenon could serve as a guiding light towards a more effective way at capturing the elusive male consumer for lululemon and other brands promoting self-care and better lifestyle choices. The question remains if lululemon's growth strategy is becoming the "Power of 2" as men have underperformed women over the past two quarters and digital growth momentum has picked up substantially furthering its impact to overall topline revenue.

⁶¹ 2020 "Lululemon's Acquisition of Mirror," Morgan Stanley

5. Case Study: Startup Companies Plunge into the Men's At-Home and Personal Care Models

Startup companies like Vault, Dadi, Legacy, and Tame the Beast are attracting investors who are betting on the growth of men-focused health and self-care.

Vault Health is a startup that caters towards men's sexual health, weight-loss therapies, and other at-home healthcare practices. The company recently received \$30 million in funding from four investors including Tiger Global Management and Declaration Capital.⁶² Legacy, Contraline, and Dadi are focused on promoting male fertility and sexual health. They offer at-home collection kits, fertility reports, and cryogenic freezing options based on their client's preferences. Other startups encourage male skincare and grooming routines. Tame the Beast creates men's grooming products with arousing scents and energizing properties. Likewise, Asystems offers men's skincare products and other related products to help men look, feel and perform their best. Investments in these young, up-and-coming companies prove that funders believe that there is a viable market for expansion into the healthcare and personal care markets for men.

For Vault Health in particular, the \$30 million investment shows significant belief from investors about its growth prospects in the near future. Vault provides treatments for a wide range of conditions prevalent in men. The table below highlights a few of the various treatment kits.

Figure 5.1: Vault Health Products

Product Name	Description	Purpose
Testosterone Replacement Therapy	A personalized, doctor-reviewed treatment plan recommendation. Treatment plans include one of: Testosterone injection, HCG injection, Clomiphene Citrate pills, Testosterone topical cream.	Sex drive, recovery, energy, mental clarity, muscles, sleep, body fat, focus, stamina, memory, mood
Sex Kit	A personalized, doctor-recommended treatment plan that includes: Tadalafil and apomorphine lozenges, Oxytocin oral drops.	Sex drive, erections, sexual stamina, romantic connections, orgasms
Body Kit	A personalized, doctor-recommended treatment plan that includes: CJC-1295 and Ipamorelin subcutaneous injections, Ibutamoren capsules.	Muscle mass, sleep, energy, body fat, stamina, memory, recovery, mood
Phytotress Hair System	A personalized, doctor-recommended treatment plan that includes: PhytoWashRx™ shampoo, PhytoSolRx™ solution drops.	Hair loss, male pattern baldness
Brain Kit	A personalized, doctor-recommended treatment plan that includes: Semax nasal spray, Vault Brain Boost capsules.	Energy, sleep, focus, memory, mental clarity, stress
Immunity Kit	A personalized, doctor-recommended treatment plan that includes: Thymosin alpha-1 subcutaneous injection, Glutathione intramuscular injection.	Fight infections, overall energy, heart & brain health, cancer prevention, inflammation
COVID-19 Test Kit	FDA EUA approved at-home saliva test; both individual and corporate on-site testing options.	Identifying SARS-CoV-2, the virus that causes COVID-19

⁶² 2020 "Vault Health," Crunchbase

The company also expanded its focus into the realm of providing at-home testing kits for the coronavirus during the pandemic. This expansion shows the company's versatility and fast adaptability in the face of an ever-changing environment

Looking at the investor portfolios of entities who invested in Vault Health's \$30 million funding round, the breadth of investments extends from skincare to mobile patient-doctor apps, indicating that more investors see value in the **Healthcare & Lifestyle** sector.

Figure 5.2: Related Investments by Vault Health Investors⁶³

Company	Description	Funding Date	Funding Amount (\$mm)	Last Funding Type	Number of Investors	Top 5 Investors
 VULT HEALTH	Vault Health is an at-home healthcare practice specializing in men's medicine.	3/12/20	\$30	Unknown	4	Tiger Global Management, Redesign Health, Dolik Ventures, Declaration Capital
 innovaccer	Innovaccer is a healthcare data activation company committed to making a difference.	2/14/20	\$70	Series C	17	500 Startups, M12, Dragoneer Investment Group, Tiger Global, Sequoia Capital India
 lybrate	Lybrate is an innovative online & mobile-based platform that connects patients & doctors.	4/12/17	\$3	Unknown	3	Nexus Venture Partners, Tiger Global Management, Ratan Tata
 DotLab	Women's health diagnostics using novel biomarkers and machine learning.	7/1/19	\$10	Series A	4	Tiger Global, Wilson Sonsini Goodrich & Rosati, Luxor Capital Group, CooperSurgical
 Calibrate	Calibrate is a new telemedicine metabolic health care startup that gives people control.	6/24/20	\$5	Seed	2	Forerunner Ventures, Redesign Health
 HARRY'S	Harry's allows users to buy razors, German engineered blades and shaving creams.	12/1/17	\$113	Series D	20	Temasek Holdings, SV Angel, Wellington Management, Tiger Global, Lakestar
 Zovi	Zovi designs & manufactures lifestyle apparel & accessory products and sells via online.	2/1/13	\$10	Series C	3	SAIF Partners, Tiger Global Management, Deep Kalra
 rightway	Rightway offers Enterprise Healthcare Navigation Platform.	11/21/19	\$20	Series B	2	Tiger Global Management, Thrive Capital
 proper	Proper offers sleep coaching and supplements, pitching a "holistic" sleep health solution.	1/1/20	\$10	Unknown	2	Redesign Health, Casa Verde Capital

⁶³ 2020 "Company Profile," CrunchBase Pro

6. Case Study: Culturally Sensitive Offerings Are Necessary

Everyone wants to feel cared for and that they belong. Men are not created equal and various populations of men have divergent needs and feelings.

Launched in 2019, Folx Health is a provider of digital native telehealthcare specifically tailored to the LGBTQIA+ community. Folx raised \$4.4 million in April 2020.⁶⁴ The company is building a prescription and medical service marketplace tailored towards the queer community. Folx Health's primary offerings will include:

- Hormone Replacement Therapy
- HIV prevention (PrEP)
- STI testing
- Fertility testing

For the Queer community it begins with support to:

- Love whom we want to love
- Shape our bodies as we see fit
- Freely explore and express our gender & sexuality
- Form & grow our chosen relationships & families

The current offerings are not sufficient for the needs of the LGBTQIA+ community

- More than 50% of LGBTQIA+ people experience discrimination in healthcare⁶⁵
- 7% of cis-gay men and lesbians and 22% of trans/non-binary people report being actively assaulted in healthcare settings⁶⁶
- 31% of gay and bisexual men either say they don't have a regular place to go for medical care or they don't have a regular physician⁶⁶

"Begin by dispensing with the notion that health care is just about "diagnosing & treating" disease. The diagnostic model is part of the reason why the healthcare system remains unable to build truly patient-centered services. The diagnostic model gives medicine the power to name what is 'normal'—what is 'healthy.' And for the Queer community, the notion of 'normal' has always been used against us. Until the 1970's being Gay was a mental illness. In the 80's & 90's, our lives were labeled 'high-risk.' And even today, we are the exception—the special case. And to be clear, diagnostic & curative science is essential. But it is just an instrument toward the greater end of human health & happiness." – AG Breitenstein, CEO, Folx Health⁶⁷

⁶⁴ 2020 "Company Financing Profile: Folx Health," CrunchBase Pro

⁶⁵ 2020, "Company Website," Folx Health

⁶⁶ 2018 "Health and Access to Care and Coverage for Lesbian, Gay, Bisexual, and Transgender (LGBT) Individuals in the U.S.," Kaiser Family Foundation

⁶⁷ 2020 "Why Did We Found Folx Health?," Medium



Contacts

Nicolas de Alejo

Founder & Head of Research
MenCare, Inc.
nicolas_research@mencarenow.com

Aaron Powell

Research Associate
MenCare, Inc.
aaron_research@mencarenow.com

Disclosures

This content is for general information purposes only and should not be used as a substitute for consultation with professional advisers.

All information, comments, and opinions stated within this report and any follow-up publications or other related content, are not within the scope of investment advisory activity.

The authors of this report have not received and will not receive direct or indirect compensation from any and all of the companies that are mentioned in this report.

We welcome all feedback. We are building out our research capabilities to extend coverage. If you or anyone you know might be interested in contributing their knowledge and passion for healthcare, consumer/lifestyle, and tech-enabled health & wellness services, please contact research@mencarenow.com



MenCare, Inc. is a platform for men's health, helping men achieve physical & mental fitness for a healthy state of being. We provide men of all ages with an accessible community that normalizes self-care and personal betterment to ensure overall health and vitality. Through research and programming, we aim to create a better way to care for men and for men to care for themselves. Our **CARE** model provides a digital resource center for men that focuses on physical and mental well-being through:

- **Care:** Digital health & well-being center for men, offering resources + community
- **Activate:** Partner with leading men's physical & mental health companies + leaders
- **Research:** Conduct research, compile studies, & analyze key scientific + social trends
- **Educate:** Offer educational resources enabling personalized growth + development

Our Team

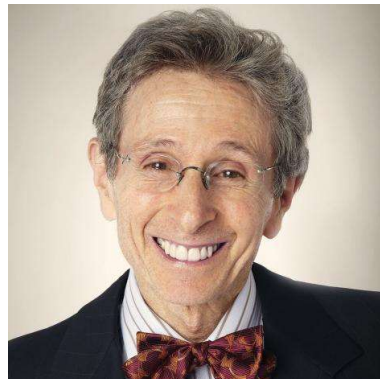
Nicolas de Alejo
Founder



Aaron Powell
Research Associate



Dr. Loren Fishman, M.D.
Physical Health



Ernesto Lira de la Rosa, Ph.D.
Identity & Mental Health

